

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6733**

**BILL NUMBER:** HB 1058

**NOTE PREPARED:** Dec 23, 2010

**BILL AMENDED:**

**SUBJECT:** Homeowners Associations.

**FIRST AUTHOR:** Rep. Cheatham

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *Judicial Dissolution & Homeowners Associations-* The bill provides that the statute that authorizes judicial dissolution of nonprofit corporations applies to homeowners associations. It requires a homeowners association to comply with its grievance resolution procedure upon receiving a complaint or grievance from a member. The bill prohibits the board of directors of a homeowners association from making a material misrepresentation to a member concerning the procedures or application of the procedures to a complaint or grievance.

*Attorney General-* The bill authorizes the Attorney General (AG) to bring an action against the board of directors of a homeowners association or the homeowners association to enjoin knowing or intentional violations of the statute governing homeowners associations.

*Judicial Remedies-* The bill provides for judicial remedies for violations of the statute governing homeowners associations.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:** *Attorney General-* The AG would have the option of bringing an action to enjoin violations of homeowners association law. Any impact to state expenditures would depend on AG action. Given the bill does not make an appropriation to the AG, the AG would likely pursue actions within the constraints of the existing resources of the AG. (Under the bill, a court could order a homeowners association, pursued by the AG, to pay the state for the reasonable costs attributed to the AG to investigate and pursue an injunction against the association.)

**Explanation of State Revenues:** *Judicial Dissolution & Homeowners Associations-* More corporate dissolutions could occur given that a homeowners association would be considered a corporation for the purpose of dissolution.

*Court Fee Revenue:* If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries fee (\$18), public defense administration fee (\$3), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

*Attorney General-* The state could have some ability to recoup costs on an AG action. Under the bill, a court could order a homeowners association, pursued by the AG, to pay the state for the reasonable costs attributed to the AG to investigate and pursue an injunction against the association. If so ordered by the court, a civil penalty of not more than \$5,000 per violation could be assessed on the association. Therefore, state General Fund revenues may increase if more civil penalties are assessed as a result of the bill.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

**State Agencies Affected:** Attorney General.

**Local Agencies Affected:** Trial courts.

**Information Sources:**

**Fiscal Analyst:** Chris Baker, 317-232-9851.